

TAB

Approved For Release 2001/08/28 : CIA-RDP78-03721A000600010002-1
 Average Average Average Range of
 Federal CIA Qualifying Qualifying
Age Grade Service Service Service Service
 (Years) (Years) (Months) (Months)

Participants: (168)	53.2	GS-13.4	24.9	15.7	85	45 to 180
Retirees: (6)	56	GS-14	23.6	16.8	98	71 to 130

Progress report as of 15 July 1965:

- a. Number of employees included in initial screening process (Age 50; 20 years of Federal service; 10 years of Agency service): STATINTL
- (1) Employees approved for designation as participants: [REDACTED]
- (2) Employees not eligible for designation as participants: STATINTL
- (3) Employees pending review by Career Services:

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1 6 8
8 5 6
1 0 2 4 *
1 6 8 0 0 0 0 0 0 0
1 1 0 2 4 0 0 0 0 0
6 1 0 2 4 0 0 0 0 0
4 1 0 2 4 0 0 0 0 0
0 1 0 2 4 0 0 0 0
6 1 0 2 4 0 0 0 0
2 1 0 2 4 0 0 0 0
5 1 0 2 4 0 0 0 0
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CIA RETIREMENT AND DISABILITY SYSTEM

- a. **GENERAL.** This regulation prescribes rules and policies governing the administration of the Central Intelligence Agency Retirement and Disability System for a limited number of employees, referred to hereafter as the System, authorized by the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, referred to hereafter as the Act. Only those employees who are designated as participants in accordance with the provisions of this regulation will be covered by the System.
- b. **DEFINITIONS.** As used in this regulation, the term:
- (1) "Adverse determination" means any determination involving an action other than one for which an employee, participant, or annuitant has applied.
 - (2) "Agency" means the Central Intelligence Agency as established effective 18 September 1947 by the National Security Act of 1947.
 - (3) "Agency service" means service performed as an employee of the Agency.
 - (4) "Annuitants" means participants who are receiving annuities from the Fund and all persons, including surviving wives and husbands, widows, dependent widowers, children, and beneficiaries of participants or annuitants who shall become entitled to receive annuities in accordance with the provisions of this regulation.
 - (5) "Career" means the predominant and long-range orientation of an employee's Agency service, past and present, as well as plans for his future development and use.
 - (6) "Child," for the purpose of annuity benefits, means an unmarried child, including (a) an adopted child, and (b) a stepchild or recognized natural child who received more than one-half of his support from and lived with the participant in a regular parent-child relationship, under the age of eighteen years, or such unmarried child regardless of age who because of physical or mental disability incurred before age eighteen is incapable of self-support or such unmarried child between eighteen and twenty-one years of age who is a student regularly pursuing a full-time course of study or training in residence in a high school, trade school, technical or vocational institute, junior college, college, university, or comparable recognized educational institution. A child whose twenty-first birthday occurs prior to July 1 or after August 31 of any calendar year, and while he is regularly pursuing such a course of study or training, shall be deemed to have attained the age of twenty-one on the first day of July following such birthday. A child who is a student shall not be deemed to have ceased to be a student during any interim between school years if the interim does not exceed four months and if he shows to the satisfaction of the Director of Personnel that he has a bona fide intention of continuing to pursue a course of study or training in the same or different school during the school semester (or other period into which the school year is divided) immediately following the interim.
 - (7) "Director" means the Director of Central Intelligence.
 - (8) "Employee" means a civilian officer or employee of the Agency.
 - (9) "Fund" means the Central Intelligence Agency Retirement and Disability Fund.
 - (10) "Participant" means an employee who has been designated in accordance with the provisions of this regulation to be covered under the System.

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- (11) "Qualifying service" means performance of duty as an Agency employee:
- (a) under conditions of employment which include a demonstrable hazard to life or health in the conduct or support of covert action operations abroad, or espionage and counter-intelligence activities abroad, or other intelligence activities abroad; or
 - (b) under conditions of employment requiring the continuing practice of most stringent security and covert tradecraft procedures to maintain personal cover in the conduct or support of covert action operations or espionage and counter-intelligence activities abroad; or
 - (c) on a continuing basis which would place the individual at a distinct disadvantage in obtaining other employment either because (1) the skills and knowledge are unique to the clandestine activities of the Agency and are not in demand elsewhere, or (2) the duties are so highly classified that his experience cannot be described in sufficient detail to demonstrate his qualifications adequately to a prospective employer.
- (12) "Service credit" means federal civilian or military service which is creditable toward retirement under the System. Insofar as practicable, pertinent rulings of the Civil Service Commission under the Civil Service Retirement Act will be used as a guide to determinations regarding the creditability of any military service and of civilian service performed prior to designation as a participant.
- (13) "Widow" means the surviving wife of a participant who was married to such participant for at least two years immediately preceding his death or is the mother of issue by marriage to the participant.
- (14) "Dependent widower" means the surviving husband of a participant who was married to such participant for at least two years immediately preceding her death or is the father of issue by marriage to the participant, and who is incapable of self-support by reason of mental or physical disability, and who received more than one-half of his support from such participant.

c. POLICY**(1) ELIGIBILITY TO PARTICIPATE**

- (a) Only those employees who are citizens of the United States and who are otherwise qualified in accordance with the provisions of this regulation may be designated as participants in the System.
- (b) **Designation:** Participation in the System is reserved exclusively for those employees who have accepted the obligation to serve anywhere and at any time according to the needs of the Agency and who are serving on a career basis in a field which normally requires the performance of minimum periods of qualifying service as an integral part of a career in that field.
- (c) **Continuance as a Participant:** Following his designation as a participant, an employee may remain under the System only if he continues to meet the criteria for participation, including the performance of minimum periods of qualifying service.
- (d) **Participant After Fifteen Years of Service:** Any participant who has completed fifteen years of service with the Agency and whose career at that time is adjudged by the Director of Personnel to be qualifying for the System may elect to remain a participant in the System for the duration of his employment by the Agency and such election shall not be subject to review or approval by the Director.

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- (2) **ELIGIBILITY TO RETIRE.** No participant shall be retired under the provisions of section 233 or section 235(a) of the Act (paragraph j and m of this regulation, respectively) unless he shall have performed 60 months of qualifying service.
- (3) **OPPORTUNITY TO BE HEARD BY RETIREMENT BOARD.** Prior to recommending an adverse determination or any other finding which adversely affects the entitlements of an employee under the System, the CIA Retirement Board will notify the employee of its tentative conclusion and of his right to submit any pertinent information to the Board within a specified period of time before making a final recommendation to the Director of Personnel. The employee concerned shall have a reasonable period of time in which to submit such information to the Board. The time allowed will normally be not less than five nor more than thirty calendar days but shall depend in any case on the circumstances of the case and the location of the individual. Such information may be presented orally or in writing at the discretion of the Board. The Board, in presenting its recommendation to the Director of Personnel on any case, shall include a report of any information which the employee has submitted.
- (4) **APPEALS.** Any determination made by the Director or by the Director of Personnel pursuant to the Act or this regulation which affects the rights or benefits under the System of an employee, participant, or annuitant may be appealed by the individual affected to the Director in accordance with the appeal procedure established in this regulation. Submission of such appeal shall not suspend or defer the implementation of the determination except as may be authorized in individual cases in the discretion of the Director. Determinations made by the Director authorized by the provisions of the Act shall be deemed to be final and conclusive and not subject to review by any court.

d. AUTHORITIES AND RESPONSIBILITIES

- (1) **DIRECTOR OF PERSONNEL.** The Director of Personnel shall be responsible for the general administration of the System in accordance with the provisions of this regulation. There is hereby delegated to the Director of Personnel all authorities as are necessary for the administration of the System except those which are specifically reserved to the Director in this regulation.
- (2) **CIA RETIREMENT BOARD**
 - (a) The CIA Retirement Board is hereby established to assist and advise the Director of Personnel in the administration of the System. The Board shall be composed of senior officials in appropriate numbers from the several Directorates recommended by the respective Deputy Directors. The Director shall appoint the Chairman and members of the Board. The Board shall have available to it advisers from appropriate technical staffs.
 - (b) The Director of Personnel shall normally obtain the advice of the Board before making determinations as to the eligibility of employees to participate in the System or acting upon applications for disability or voluntary retirement or recommendations for involuntary retirement. He may also refer to the Board any other matter pertaining to the administration of the System.
 - (c) Any member or adviser shall have the authority to submit a separate report to the Director of Personnel.

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- (3) **DEPUTY DIRECTORS AND HEADS OF CAREER SERVICE.** The Director of Personnel shall obtain the advice of the Deputy Director having career jurisdiction over the employee concerned or the Head of the employee's Career Service before making determinations concerning the designation of an employee as a participant or acting upon applications for disability or voluntary retirement or recommendations for involuntary retirement or for disability retirement initiated by the Agency.
- (4) **DIRECTOR OF FINANCE.** The Director of Finance shall be responsible for the administration of the Fund. There is hereby delegated to the Director of Finance all authorities as are necessary for the administration of the Fund except those which are specifically reserved to the Director in this regulation.

e. DESIGNATION OF PARTICIPANTS

- (1) **DESIGNATION.** In order to qualify for designation as a participant, an employee must:

- (a) Be at least 25 years of age;
- (b) Have successfully completed three years of Agency service;
- (c) Have signed a written obligation to serve anywhere and at any time according to the needs of the Agency;
- (d) Be serving on a career basis in a field which normally requires the performance of qualifying service as an integral part of a career in that field;
- (e) Have performed qualifying service or be under official orders for an assignment requiring the performance of qualifying service; and
- (f) Have sufficient time prior to completion of 15 years of service with the Agency within which he could complete a minimum of 60 months of qualifying service or, if he has completed 15 years of service with the Agency, have performed 60 months of qualifying service.

(2) **PERIODIC REVIEW AND REDETERMINATION OF DESIGNATION**

- (a) At intervals of not more than five years, the record of each participant shall be reviewed to determine that he meets the criteria under this regulation for continued coverage under the System. Normally, these reviews will be made within 90 days of the fifth and tenth anniversary of designation as a participant and a final review will be made six months prior to the fifteenth anniversary of appointment in the Agency. Such review must show that the individual, in addition to meeting the criteria for designation, is performing minimum periods of qualifying service throughout his career in relation to the following standards:

5th anniversary review: 18 months of qualifying service
10th anniversary review: 36 months of qualifying service
15th anniversary review: 60 months of qualifying service

- (b) Unless the minimum periods of qualifying service set forth above have been performed, the employee will not be eligible to remain a participant unless (1) he is then serving on an assignment which will satisfy the qualifying service requirement indicated for the review involved, or (2) he is under official orders to serve in such an assignment within 90 calendar days, or (3) at the time of the 15th anniversary review he has sufficient time prior to completion of 15 years of service with the Agency within which he could complete a minimum of 60 months of qualifying service.

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(c) A former participant may again be considered for designation provided he meets all of the criteria for designation specified in subparagraph e(1) and has performed the minimum periods of qualifying service set forth above.

- (3) **DESIGNATION OF EMPLOYEES ON DUTY AT DATE OF ENACTMENT OF THE ACT.** The records of all employees who are on duty at the date of enactment of the Act and who are serving in a career field which would normally require the performance of qualifying service shall be reviewed to determine in each case whether the individual (a) meets the criteria for designation and (b) has performed adequate periods of qualifying service on the basis of his years of Agency service in relation to the minimum standards provided for the fifth, tenth, and fifteenth anniversary reviews. An employee who has fifteen or more years of Agency service when the review of his case is completed, who has met the provisions of subparagraph e(2) above, and whose career is adjudged by the Director of Personnel to be qualifying for the System may be designated a participant. Thereafter, such participant may elect to remain a participant for the duration of his employment by the Agency and such election shall not be subject to review or approval by the Director.

f. NOTICE OF DETERMINATION AND OF RIGHT TO APPEAL

(1) NOTICE OF DETERMINATION OR RECOMMENDATION BY THE DIRECTOR OF PERSONNEL

(a) When the Director of Personnel makes a determination pursuant to this regulation which affects the rights or benefits under the System of an employee, participant, or annuitant, he shall notify the individual affected in writing of his determination and, if there is an adverse determination, advise the individual of his right to appeal to the Director.

(b) When the Director of Personnel makes a recommendation to the Director for an adverse determination, he shall notify the individual affected of such recommendation. He shall further advise the individual that in the event of an adverse determination by the Director the individual shall have the right to appeal such determination to the Director.

- (2) **NOTICE OF DETERMINATION BY THE DIRECTOR.** When the Director makes a determination pursuant to the Act or this regulation which affects the rights or benefits under the System of an employee, participant, or annuitant, he shall advise the Director of Personnel of his determination. The Director of Personnel shall advise the individual in writing of the determination and, if there is an adverse determination, of his right to appeal to the Director.

- (3) **NOTICE OF EFFECTIVE DATE OF RETIREMENT.** When a determination has been made to approve the retirement of a participant, the Director of Personnel shall give the participant written notice of such determination. Except in the case of disability retirement at the employee's request, such notice shall be given at least thirty calendar days in advance of the date on which retirement shall become effective. The Director of Personnel may, with the concurrence of the Deputy Director(s) concerned and the consent of the participant, extend the effective date except in cases of mandatory retirement for age. Any extension in the effective date of mandatory retirement for age shall require the approval of the Director.

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g. APPEAL PROCEDURE

- (1) **TIME PERIOD FOR APPEAL.** When a determination is made by the Director or by the Director of Personnel affecting the rights or benefits of an employee, participant, or annuitant under the System, the official making the determination shall, if there is an adverse determination, specify the time to be allowed for the individual to submit an appeal. The time allowed shall normally be not less than five nor more than thirty calendar days but in any given case will depend on the circumstances of the case and the location of the individual. When justified and upon request of the employee, the Director of Personnel may grant an extension of time for the submission of an appeal. However, an extension of more than thirty days to an appeal period established by the Director shall require the approval of the Director.
- (2) **FORM AND CONTENT OF APPEAL.** An appeal made pursuant to this regulation shall be submitted in writing to the Director. The appeal must state the basis on which review of the determination is requested and supply pertinent information in support of such review.
- (3) **INVESTIGATION BY THE INSPECTOR GENERAL.** The Inspector General shall receive appeals made to the Director pursuant to this regulation and shall make independent investigation and appropriate recommendation to the Director. The Inspector General shall not be limited in his investigation to matters raised by or contained in the appeal but shall consider any information which he deems pertinent and appropriate.
- (4) **NOTICE OF DECISION.** When the Director has acted on an appeal, he shall advise the individual and the Director of Personnel of his decision. The Director of Personnel shall institute any action which may be required to implement the decision.

h. RETIREMENT FOR DISABILITY OR INCAPACITY

- (1) **ELIGIBILITY.** Any participant who has five years of service credit toward retirement under the System, excluding credit for military or naval service, and who becomes totally disabled or incapacitated for useful and efficient service by reason of disease, illness or injury not due to vicious habits, intemperance or willful misconduct on his part shall be retired. When the participant has made application, such retirement shall require the approval of the Director of Personnel who shall also determine whether the disability is permanent. When disability retirement action is initiated by the Director of Personnel on behalf of the participant, such retirement shall be only upon order of the Director who shall also make the determination as to whether the disability is permanent.
- (2) **INITIATION OF RETIREMENT ACTION**
 - (a) **By the Participant:** Any participant who is of the opinion that he may be eligible for retirement because of disability may apply in writing to the Director of Personnel for such retirement. The application must include a description of his disability and a full explanation of the manner in which it affects the performance of his duties.
 - (b) **By the Director of Personnel:** In the event a participant appears to be totally disabled or incapacitated but fails or is unable to make application for disability retirement, the Director of Personnel shall institute such action on his behalf. In such case, the Director of Personnel shall obtain the advice of the Board of Medical Examiners, the Deputy Director having jurisdiction over the individual's Career Service, and the CIA Retirement Board before making a recommendation to the Director.

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(3) **SUPERVISOR'S STATEMENT.** On request of the Director of Personnel, the supervisor responsible for preparing the Fitness Report of a participant who applies for disability retirement, or whose disability retirement is initiated by the Director of Personnel, shall submit a statement describing the apparent nature of the participant's disability and explaining the manner in which it affects the performance of his official duties. On the basis of information available to him, the supervisor shall also indicate whether, in his opinion, the participant appears to be totally disabled or incapacitated for useful and efficient service in his career field. He shall also indicate whether the participant's disability or incapacity appears to be the result of his own vicious habits, intemperance or willful misconduct. If the supervisor desires, he may transmit this statement direct to the Director of Personnel in a sealed envelope marked with the participant's name and the words "Disability Retirement — Privileged — Private."

(4) **MEDICAL EXAMINATION AND EVALUATION**

(a) **Board of Medical Examiners**

(1) A Board of Medical Examiners is hereby established. This Board shall be responsible for the conduct of medical examinations and for evaluating the medical status of participants for whom an application for disability retirement is under consideration and for annuitants who have been retired for disability.

(2) The Director of Medical Services shall serve as Chairman of the Board of Medical Examiners. He shall nominate two other members (and alternates for each) to serve on the Board. Members and alternates must be qualified physicians or surgeons. At least one of these members and his alternate shall not be in active government service.

(3) The Chairman of the Board of Medical Examiners may designate duly qualified physicians or surgeons to conduct medical examinations of applicants for disability retirement or disability annuitants and to submit reports of such examinations to the Board for its evaluation.

(b) **Conduct of Examinations.** Each participant considered for disability retirement shall be given a medical examination by the Board of Medical Examiners or by a duly qualified physician or surgeon designated by the Chairman of the Board of Examiners.

(c) **Report of Medical Examination.** Based on the results of the medical examination, the Board of Medical Examiners shall make a written report to the Director of Personnel setting forth the results of the examination. This report shall be comprehensive, and shall include pertinent data on all disabling or incapacitating conditions found or alleged to exist. In addition it shall contain the Board's evaluation of the individual's medical status in relation to the service requirements of his Career Service, whether the disability is permanent, and the Board's recommendation as to approval or disapproval of disability retirement of the participant.

(5) **COMPUTATION OF ANNUITY.** A participant retired on disability shall receive an annuity computed in accordance with the provisions of this regulation. If he is under age sixty and has less than twenty years of service credit toward his retirement under the System at the time he is retired, his annuity shall be computed on the assumption that he has had twenty years of creditable service, but the additional service credit that may accrue to a participant under this provision shall in no case exceed the

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difference between his age at the time of retirement and age sixty. Notwithstanding this provision, the annuity of any survivor shall be based only on the actual service credit of such participant.

- (6) **EFFECTIVE DATE OF DISABILITY RETIREMENT FOR PAYMENT OF ANNUITY.** The effective date of separation for disability shall be the first day following termination of pay status. The annuity shall commence as of the first day of the month following the month in which the participant is separated and is payable on the first day of the month following that for which it accrued.
- (7) **PERIODIC REVIEW AND EVALUATION OF RETIREMENT STATUS**
 - (a) Unless his disability is permanent, each annuitant who was retired for disability or incapacity shall be given an annual medical examination and his medical status evaluated by the Board of Medical Examiners until he reaches mandatory retirement age for his grade. The evaluation shall include a finding as to whether the annuitant continues to be totally disabled or incapacitated for useful and efficient service, and whether his disability is permanent. This report shall be submitted to the Director of Personnel who shall make the determination as to whether the annuitant continues to be totally disabled or incapacitated for useful and efficient service.
 - (b) Whenever an annuitant's disability is determined to be of a permanent character, he shall not again be given a medical examination unless in the opinion of the Director of Personnel, with the advice of the Board of Medical Examiners, such examination is determined to be warranted.
 - (c) When a disability annuitant fails to submit to examinations as required, payment of annuity shall be suspended until continuance of the disability is established to the satisfaction of the Director of Personnel.
- (8) **ALLOWABLE EXPENSES FOR MEDICAL EXAMINATION.** Reasonable and necessary travel, subsistence, and related expenses and medical fees may be incurred in connection with required medical examinations and evaluations and shall be paid from the Fund.
- (9) **RECOVERY FROM DISABILITY**
 - (a) **Termination of Annuity:** If the Director of Personnel determines on advice of the Board of Medical Examiners that an annuitant has recovered to the extent that he can return to duty, payment of the annuity shall continue until a date six months after the date of the examination showing recovery or until the date of reemployment in the Agency, whichever is earlier.
 - (b) **Reemployment:** An annuitant who is determined to have recovered may apply for reemployment in the Agency within one year from the date of his recovery as determined by the Director of Personnel.
 - (1) Upon application, the Director of Personnel may reinstate any such recovered disability annuitant in the grade in which he was serving at time of retirement, or the Director of Personnel may, taking into consideration the age, qualifications, and experience of such annuitant, and the present grade of his contemporaries in the Agency, appoint him to a grade higher than the one in which he was serving prior to retirement.
 - (2) If a recovered disability annuitant whose annuity is discontinued is not reemployed in the Agency, he shall be considered to have been separated within the meaning of paragraph k as of the date

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he was retired for disability and he shall, after the discontinuance of the disability annuity, be entitled to the benefits of paragraph k or o(1)(c) and (d). In such case, if the individual was otherwise qualified as of the date he was retired for disability, he may elect voluntary retirement or may be considered to have been involuntarily retired as of such date, and he shall, after the discontinuance of the disability annuity, be entitled to appropriate benefits based on such retirement.

(10) FEDERAL EMPLOYEES' COMPENSATION ACT BENEFITS

- (a) No participant shall be entitled to receive an annuity under the Act and compensation for injury or disability to himself under the Federal Employees' Compensation Act of September 7, 1916, as amended (5 U.S.C. 751 *et seq.*), referred to hereafter as FECA, covering the same period of time. Neither this provision nor any provision of FECA shall be so construed as to deny the right of any participant to receive an annuity under the System by reason of his own services and to receive concurrently any payment under FECA by reason of the death of any other person.
- (b) The right of any person entitled to an annuity under the System shall not be affected because such person has received an award of compensation in lump sum under section 14 of FECA, except that where such annuity is payable on account of the same disability for which compensation under such section has been paid, so much of such compensation as has been paid for any period extended beyond the date such annuity becomes effective, as determined by the Secretary of Labor, shall be refunded to the Department of Labor, to be paid into the Federal Employees' Compensation Fund. Before such person shall receive such annuity he shall:
 - (1) Refund to the Department of Labor the amount representing such commuted payments for such extended period, or
 - (2) Authorize the deduction of such amount from the annuity payable to him under the System, which amount shall be transmitted to the Department of Labor for reimbursement to the Federal Employees' Compensation Fund. Deductions from such annuity may be made from accrued and accruing payments, or may be prorated against and paid from accruing payments in such manner as the Secretary of Labor shall determine, whenever he finds that the financial circumstances of the annuitant are such as to warrant such deferred refunding.

I. DEATH IN SERVICE

- (1) DISPOSITION OF CONTRIBUTIONS WHEN NO ANNUITY IS PAYABLE. If a participant dies and no claim for annuity is payable under the System, his contributions to the Fund with interest at the rate prescribed in subparagraphs o(1)(d) or o(2)(a) shall be paid in accordance with the provision for refund of contributions in the order of precedence prescribed in subparagraph o(3).
- (2) BENEFIT TO SURVIVING WIDOW OR DEPENDENT WIDOWER. If a participant who has at least five years of service credit toward retirement under the System, excluding credit for military or naval service, dies before separation or retirement from the Agency and is survived by a widow or dependent widower, such widow or dependent widower shall be entitled to an annuity equal to 55 percent of the annuity computed in accordance with the provisions of subparagraph q(1)(a). The annuity of such widow

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or dependent widower shall commence on the date following death of the participant and shall terminate upon death or remarriage of the widow or dependent widower, or upon the dependent widower's becoming capable of self-support.

- (3) **BENEFIT TO SURVIVING CHILD OR CHILDREN.** If a participant who has at least five years of service credit toward retirement under the System, excluding credit for military or naval service, dies before retirement or separation from the Agency and is survived by a child or children, each surviving child shall be entitled to an annuity computed in accordance with the applicable provisions of subparagraph q(3), depending upon whether the participant was also survived by a wife or husband.

- j. **VOLUNTARY RETIREMENT.** Any participant who is at least fifty years of age and has rendered twenty years of service may on his own application and with the consent of the Director be retired from the Agency and receive benefits in accordance with the provisions of this regulation provided he has not less than ten years of service with the Agency of which at least five shall have been qualifying service.

- (1) **SUBMISSION OF REQUEST.** Any participant wishing to retire under this provision shall normally submit his request to the Director of Personnel not less than 90 calendar days prior to his desired retirement date.
- (2) **EFFECTIVE DATE.** The effective date of the voluntary retirement of a participant for the purpose of computing his annuity rate shall be the date of his separation from the Agency. However, his annuity shall commence as of the first day of the month following the month in which the participant was separated and is payable on the first day of the month following that for which it accrued.

k. DISCONTINUED SERVICE BENEFITS

- (1) **ELECTION OF REFUND OF CONTRIBUTIONS OR DEFERRED ANNUITY.** Any participant who separates from the Agency after having performed not less than five years of Agency service may upon separation from the Agency or at any time prior to becoming eligible for an annuity elect either:
- (a) To have his contributions to the Fund returned to him in accordance with the provisions of this regulation; or
- (b) To leave his contributions in the Fund and receive a deferred annuity, computed in accordance with the provisions of this regulation, commencing at the age of sixty-two years. However, this option is not available to a participant whose separation is determined by the Director to be based in whole or in part on the ground of disloyalty to the United States.
- (2) **DEATH PRIOR TO RECEIPT OF DEFERRED ANNUITY.** If a participant who has elected to receive a deferred annuity commencing at the age of sixty-two dies before reaching age sixty-two, his contributions to the Fund, with interest, shall be paid to his beneficiary as prescribed in subparagraph o(3).

l. Not used.

m. INVOLUNTARY RETIREMENT

- (1) The Director may in his discretion place in a retired status any participant who has completed at least twenty-five years of service, or who is at least age fifty and has completed at least twenty years of service, provided such participant has not less than ten years of Agency service of which at least five shall have been qualifying service. If so retired, such partici-

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pant shall receive retirement benefits in accordance with the provisions of this regulation.

- (2) Ordinarily, the recommendation to retire a participant under the provisions of this paragraph shall originate with the Head of his Career Service who shall provide a full statement of the reasons for such recommendation. However, in appropriate cases the Director of Personnel shall originate such recommendation.
- (3) No provision of this regulation shall impair the authority of the Director to terminate the employment of any participant pursuant to the authority contained in section 102(c) of the National Security Act of 1947, as amended.

n. MANDATORY RETIREMENT FOR AGE. Any participant receiving compensation at the rate of grade GS-18 or above shall be automatically separated from the Agency upon reaching the age of sixty-five. Any participant receiving compensation at a rate less than grade GS-18 shall be automatically separated from the Agency upon reaching the age of sixty. Such separation shall become effective on the last day of the month in which the participant reaches age sixty or sixty-five, as specified in this subparagraph. However, whenever the Director shall determine it to be in the public interest, he may extend such participant's service for a period not to exceed five years. A participant separated in accordance with this provision who has completed five years of Agency service shall receive retirement benefits in accordance with the provisions of subparagraph q.

o. CONTRIBUTIONS TO THE FUND

(1) COMPULSORY CONTRIBUTIONS

- (a) **Amount of Contribution:** Six and one-half percent of the basic salary received by each participant shall be contributed to the Fund for the payment of annuities, cash benefits, refunds, and allowances. An equal sum shall also be contributed from the respective appropriation or fund which is used for payment of his salary. The amounts deducted and withheld from basic salary together with the amount so contributed from the appropriation or fund shall be deposited by the Director of Finance to the credit of the Fund. Each participant shall be deemed to consent and agree to such deductions from his basic salary.
- (b) **Periods of Leave Without Pay and Military Service:** Contributions shall not be made for any periods of leave without pay, or for periods of leave of absence during which a participant is performing active military or naval service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States, or for periods of such service prior to becoming a participant.
- (c) **Refund of Compulsory Contributions:** A refund of compulsory contributions is payable under the following circumstances:
 - (1) When a participant is separated from the System without becoming eligible for an immediate annuity or a deferred annuity at age sixty-two or, if eligible for a deferred annuity, he elects before reaching age sixty-two to have the refund in lieu of an annuity.
 - (2) When a retired participant's total compulsory contributions, including any special contributions or deposits made to obtain credit for prior service, with interest, exceed the total of annuities paid to him or to an annuitant claiming through him, the excess shall be paid in the order of precedence shown in subparagraph o(3) below upon the establishing of a valid claim therefor, and such payment shall be a bar to recovery by any other person.

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- (d) **Interest on Refund of Compulsory Contributions:** Interest on compulsory contributions refunded in accordance with the provisions of this regulation shall be computed at four percent per annum to 31 December 1947 and three percent per annum thereafter to 31 December 1956. Such interest shall be compounded annually and proportionately for the period served during the year of separation. No interest is payable after 31 December 1956 except when the refund covers Agency service of more than one year but less than five years.

(2) **VOLUNTARY CONTRIBUTIONS**

- (a) Any participant may, at his option, deposit additional sums in multiples of one percent of his basic salary, but not in excess of ten percent of such salary, which amounts together with interest at three percent per annum, compounded annually as of 31 December, and proportionately for the period served during the year of his retirement, including all contributions made during or for such period, shall, at the date of his retirement and at his election, be:
- (1) returned to him in lump sum; or
 - (2) used to purchase an additional life annuity; or
 - (3) used to purchase an additional life annuity for himself and to provide for a cash payment on his death to a beneficiary who shall be designated in writing to the Director of Personnel by the participant; or
 - (4) used to purchase an additional life annuity for himself and a life annuity commencing on his death payable to a beneficiary whose name shall be notified in writing to the Director of Personnel by the participant with a guaranteed return to the beneficiary or his legal representative of an amount equal to the cash payment referred to in subparagraph (1) above.
- (b) The benefits provided by subparagraphs (2), (3), or (4) of subparagraph o(2)(a) above shall be actuarially equivalent in value to the payment provided for by subparagraph o(2)(a)(1) above and shall be calculated upon such tables of mortality as may be from time to time prescribed for this purpose by the Director of Finance.
- (c) Voluntary contributions may be made for current service as a participant or covering any period of prior civilian service for which a participant has purchased service credit under the System. Voluntary contributions covering such periods of prior service shall be in multiples of one percent but not exceeding ten percent of the participant's basic salary during the period of service covered. Voluntary contributions for current or prior service may be made by payroll deduction or in such other manner as may be approved by the Director of Finance.
- (d) Contributions shall not be made for any periods of leave without pay, or for periods of leave of absence during which a participant is performing active military or naval service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States, or for periods of such service prior to becoming a participant.
- (e) In case a participant shall become separated from the Agency for any reason except retirement on an annuity, the amount of any voluntary contributions with interest at three percent per annum, compounded as provided in subparagraph o(2)(a) above, made by him under the provisions of subparagraph o(2)(a) above shall be refunded in the

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manner provided in subparagraph o(1)(c) above for the return of compulsory contributions and interest in case of death or separation from the Agency.

- (f) Any benefits payable to a participant or to his beneficiary in respect to the voluntary contributions provided under this paragraph shall be in addition to the benefits otherwise provided under the System.

(3) DESIGNATION OF BENEFICIARY FOR LUMP-SUM PAYMENT

- (a) A designation of beneficiary is only for purposes of lump-sum payment of refunds of either compulsory or voluntary contributions. If a participant elects to designate a beneficiary for this purpose, he shall make such designation in writing to the Director of Personnel. The designation of a beneficiary does not affect the right of any person who qualifies to receive survivor annuity benefits which are payable under the System.
- (b) It is not necessary for any participant or former participant to designate a beneficiary unless he wishes to establish a different order of precedence for payment than that established below.
- (c) If there is no designated beneficiary living, any lump-sum benefit which becomes payable after the death of a participant or a former participant will be payable in the following order of precedence:
 - (1) To the surviving wife or husband of the participant.
 - (2) If there be no surviving wife or husband, to the child or children of the participant and descendants of deceased children by representation.
 - (3) If none of the above, to the parents of such participant or the survivor of them.
 - (4) If none of the above, to the duly appointed executor or administrator of the estate of such participant.
 - (5) If none of the above, to other next of kin of such participant as may be determined by the Director of Personnel to be legally entitled thereto. However, no payment shall be made in such case until after the expiration of thirty days from the death of the retired participant or his surviving annuitant.

p. PERIOD OF SERVICE FOR ANNUITIES

- (1) **SERVICE AS A PARTICIPANT.** The period of service of a participant shall be computed from the date he is designated a participant in the System. However, all periods of separation from the Agency and so much of any leaves of absence without pay as may exceed six months in the aggregate in any calendar year shall be excluded, except leaves of absence while receiving benefits under FECA and leaves of absence granted participants while performing active and honorable service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States.
- (2) **PRIOR SERVICE CREDIT**
 - (a) **General.** A participant may, subject to the provisions of this subparagraph, include in his period of service:
 - (1) Civilian service in the executive, judicial, and legislative branches of the Federal Government and in the District of Columbia government, prior to becoming a participant; and
 - (2) Active and honorable military or naval service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States prior to the date of the separation upon which title to annuity is based.

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(b) Credit for Prior Civilian Service

- (1) **Purchase of Service Credit:** A participant may obtain prior civilian service credit in accordance with subparagraph p(2)(a)(1) by making a special contribution to the Fund equal to the percentage of his basic annual salary for each year of service for which credit is sought specified with respect to such year in the table relating to employees contained in section 4(c) of the Civil Service Retirement Act (as shown below), together with interest computed as provided in section 4(c) of such Act, as described below.

Contribution Required for Purchase of Prior Service Credit

<u>Percentage of Basic Salary</u>	<u>Service Period</u>
2½	August 1, 1920, to June 30, 1926
3½	July 1, 1926, to June 30, 1942
5	July 1, 1942, to June 30, 1948
6	July 1, 1948, to October 31, 1956
6½	After October 31, 1956

(Interest on such contributions shall be computed from the midpoint of each service period included in the computation to the date of deposit or commencing date of annuity, whichever is earlier. The interest shall be computed at the rate of four percent per annum to 31 December 1947 and three percent per annum thereafter, compounded annually. No interest shall be charged for any period of separation from the service which began before 1 October 1956.)

A participant may elect to purchase all or any part of his prior civilian service. However, if he elects to purchase only a portion of such prior service, he shall be required to purchase first the most recent service immediately preceding his becoming a participant. A participant may make the contributions required to obtain credit for prior civilian service by a lump-sum payment or, under such conditions as may be determined in each instance by the Director of Finance, by installments or payroll allotments of not less than \$25 or multiples thereof. Such installments or allotments shall be applied first to the latest service prior to his becoming a participant.

- (2) **Transfer of Contributions:** When an employee under some other Government retirement system is designated a participant in accordance with the provisions of this regulation, his total contributions and deposits, including interest accrued thereon, except voluntary contributions, shall be transferred to the Fund effective as of the date he became a participant. The participant shall be deemed to consent to the transfer of such funds and such transfer shall be a complete discharge and acquittance of all claims and demands against the other Government retirement fund on account of service rendered prior to his becoming a participant in the System.
- (3) **Limitation on Contributions and Refund of Contributions for Period of Service Covered by Transfer of Contributions:** No participant whose contributions are transferred to the Fund in accordance with the provisions of this regulation shall be required to make contributions in addition to those transferred for periods of service for which full contributions were made to the other

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Government retirement fund, nor shall any refund be made to such participant on account of contributions made during any period to the other Government retirement fund at a higher rate than that fixed by section 4(c) of the Civil Service Retirement Act, as shown above, for contributions to the Fund.

- (4) **Service Credit for Periods Covered by Refund of Contributions from Other Government Retirement Fund:** No participant, whose contributions are transferred to the Fund in accordance with the provisions of subparagraph p(2)(b)(3), shall receive credit for periods of service for which a refund of contributions has been made, or for which no contributions were made to the other Government retirement fund. A participant may, however, obtain credit for such prior service by making a special contribution to the Fund in accordance with the provisions of subparagraph p(2)(b)(1) for the purchase of prior service credit.

- (5) **Exclusion of Credit for Service Which Is Basis of Annuity Under Another Government Retirement System:** No participant may obtain prior civilian service credit toward retirement under the System for any period of civilian service on the basis of which he is receiving or will in the future be entitled to receive any annuity under another retirement system covering civilian personnel of the Government.

(c) **Credit for Military or Naval Service**

- (1) **General:** A participant may obtain prior military or naval service credit as provided in this regulation by applying for it to the Director of Personnel prior to retirement or separation from the Agency. However, in the case of a participant who is eligible for and receives retired pay on account of military or naval service, the period of service upon which such retired pay is based shall not be included except when (i) such retired pay is on account of service-connected disability incurred in combat with an enemy of the United States or caused by an instrumentality of war and incurred in line of duty during a period of war (as that term is used in Chapter 11 of Title 38, United States Code), or (ii) such retired pay is based on retirement from a reserve component of the Armed Forces with twenty years of service at age sixty as provided in Chapter 67 of Title 10 of the United States Code. No contributions to the Fund shall be required in connection with military or naval service credited to a participant in accordance with this provision.

- (2) **Exclusion of Military or Naval Service Establishing Eligibility for Social Security Benefit:** Notwithstanding any other provision of this regulation, any military service (other than military service covered by military leave with pay) performed by a participant after December 1956 shall be excluded in determining the aggregate period of service upon which an annuity payable under the System to such participant or to his widow or child is to be based, if such participant or widow or child is entitled (or would upon proper application be entitled) at the time of such determination, to monthly old-age or survivors' benefits under section 202 of the Social Security Act, as amended, based on such participant's wages and self-employment income. If in the case of the participant or widow such military service is not excluded under the preceding sentence, but upon attaining age sixty-two, he or she becomes entitled (or would upon proper application be entitled) to such

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benefits, the aggregate period of service upon which such annuity is based shall be redetermined, effective as of the first day of the month in which he or she attains such age, so as to exclude such service.

- (3) **Credit for Service While on Military Leave:** A participant who, during the period of any war, or of any national emergency as proclaimed by the President or declared by the Congress, has left or leaves his position to enter the military service shall not be considered, for the purposes of this regulation, as separated from his Agency position by reason of such military service, unless he shall apply for and receive a refund of contributions under this regulation. However, such participant shall not be considered as retaining his Agency position beyond 31 December 1956 or the expiration of five years of such military service, whichever is later. Contributions shall not be required covering periods of leave of absence from the Agency granted a participant while performing active military or naval service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States.

q. COMPUTATION OF ANNUITIES

(1) BASIC FORMULA

- (a) The annuity of a participant shall be equal to two percent of his average basic salary for the highest five consecutive years of service, for which full contributions have been made to the Fund, multiplied by the number of years, not exceeding thirty-five, of service credit obtained in accordance with the provisions of this regulation. In determining the aggregate period of service upon which the annuity is to be based, the fractional part of a month, if any, shall not be counted.
- (b) The "high-five salary" means the average basic salary of a participant for his highest five consecutive years of service for which full contributions have been made to the Fund. The high-five salary is the highest salary obtainable by averaging the rate of basic salary in effect during any five consecutive years of service, with each rate weighted by the time it was in effect, including odd days.

(2) REDUCED ANNUITY WITH BENEFIT TO SURVIVING WIFE OR HUSBAND

- (a) At the time of retirement, any married participant may elect to receive a reduced annuity in order to provide for an annuity payable to his wife or her husband, commencing on the date following such participant's death and terminating upon the death or remarriage of such surviving wife or husband. The annuity payable to the surviving wife or husband after such participant's death shall be 55 percent of such amount of the participant's annuity as he may specify as the base for survivor benefits. The annuity of the participant making such election shall be reduced by 2½ percent of any amount up to \$3,600 he specifies as the base for the survivor benefit plus 10 percent of any amount over \$3,600 so specified.
- (b) A participant eligible to receive a deferred annuity at age sixty-two may also elect this type of annuity.
- (c) A participant may not change his election under this provision except that a retired participant who is subsequently reemployed under the System may make a new election at the time of his retirement following such reemployment.

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(3) SURVIVOR ANNUITY TO CHILD OR CHILDREN

(a) **When There Is Surviving Wife or Husband:** If an annuitant who has retired under the System dies and is survived by a wife or husband and by a child or children, in addition to the annuity payable to the surviving wife or husband, each child shall receive an annuity equal to the smallest of:

(1) 40 percent of the annuitant's high-five salary divided by the number of children;

(2) \$800; or

(3) \$1,800 divided by the number of children.

(b) **When There Is No Surviving Wife or Husband:** If an annuitant who has retired under the System dies and is not survived by a wife or husband but by a child or children, each child shall be paid an annuity equal to the smallest of:

(1) 50 percent of the annuitant's high-five salary divided by the number of children;

(2) \$720; or

(3) \$2,160 divided by the number of children.

(c) **Recomputation of Annuity:** If a surviving wife or husband dies or the annuity of a child is terminated, the annuities of any remaining children shall be recomputed and paid as though such wife, husband, or child had not survived the participant.

(d) **Beginning and Ending Dates of Annuity:** The annuity payable to a child under this provision shall begin on the day after the participant dies, and such annuity or any right thereto shall terminate on the last day of the month before (1) his attaining age eighteen unless incapable of self-support, (2) his becoming capable of self-support after age eighteen, (3) his marriage, or (4) his death. However, the annuity of a child who is a student as defined in this regulation shall terminate on the last day of the month before (1) his marriage, (2) his death, (3) his ceasing to be such a student, or (4) his attaining age twenty-one.

(4) SURVIVOR ANNUITY TO DESIGNATED BENEFICIARY OF AN UNMARRIED PARTICIPANT. Any unmarried participant retiring under the provisions of the System and determined to be in good health may at the time of retirement elect a reduced annuity and designate a beneficiary to receive an annuity after his death.

(a) **Designation of Beneficiary:** The beneficiary must be designated in writing to the Director of Personnel and must be a person having an insurable interest (as that term is used in section 9(h) of the Civil Service Retirement Act) in the participant.

(b) **Determination of Participant's Health:** The determination that the participant is in good health shall be made by the Director of Personnel on advice of the Director of Medical Services following appropriate medical examination.

(c) **Reduction of Participant's Annuity:** The annuity payable to the participant making such election shall be reduced by 10 percent of his annuity computed in accordance with the provisions of this regulation and by 5 percent of an annuity so computed for each full five years the person designated is younger than the participant, but such total reduction shall not exceed 40 percent.

(d) **Annuity to Beneficiary:** The annuity of a survivor designated under this provision shall be 55 percent of the reduced annuity payable

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to the participant. The annuity payable to a beneficiary under this provision shall begin on the first day of the next month after the participant dies. Upon the death of the surviving beneficiary all payments shall cease and no further annuity payments authorized under this provision shall be due or payable.

- (5) **OFFENSES BARRING ANNUITY PAYMENTS.** The payment of annuity to a participant or to his survivor is barred if such participant is convicted of certain Federal offenses or commits certain actions as provided in 5 U.S.C. 2281 *et seq.* The payment of an annuity is similarly barred under the provisions of 5 U.S.C. 2283(c) if such participant remains outside the United States for more than one year to avoid prosecution.

(6) **COST-OF-LIVING ADJUSTMENT OF ANNUITIES**

- (a) **Basis of Adjustment:** On the basis of determinations made by the Civil Service Commission pursuant to section 18 of the Civil Service Retirement Act, as amended, pertaining to per centum change in the price index, the following adjustments in annuities shall be made:

- (1) Effective 1 April 1966, if the change in the price index from 1964 to 1965 shall have equaled a rise of at least three percent, each annuity payable from the Fund which has a commencing date earlier than 2 January 1965 shall be increased by the percent rise in the price index adjusted to the nearest one-tenth of one percent.
- (2) Effective April 1 of any year other than 1966 after the price index change shall have equaled a rise of at least three percent, each annuity payable from the Fund which has a commencing date earlier than 2 January of the preceding year shall be increased by the percent rise in the price index adjusted to the nearest one-tenth of one percent.

- (b) **Eligibility for Annuity Increase:** Eligibility for an annuity increase under this section shall be governed by the commencing date of each annuity payable from the Fund as of the effective date of an increase, except as follows:

- (1) Effective from the date of the first increase under this provision, an annuity payable from the Fund to an annuitant's survivor (other than a child entitled under subparagraph q(3) above), which annuity commenced the day after the annuitant's death, shall be increased in accordance with the provisions of this subparagraph if the commencing date of annuity to the annuitant was earlier than January 2 of the year preceding the first increase.
- (2) Effective from its commencing date, an annuity payable from the Fund to an annuitant's survivor (other than a child entitled under subparagraph q(3) above), which annuity commences the day after the annuitant's death and after the effective date of the first increase under this section, shall be increased by the total percent increase the annuitant was receiving under this section at death.
- (3) For purposes of computing an annuity which commences after the effective date of the first increase under this section to a child under subparagraph q(3) above, the items \$600, \$720, \$1,800, and \$2,160 appearing in subparagraph q(3) shall be increased by the total percent increase allowed and in force under this section and, in case of a deceased annuitant, the items 40 percent and 50 percent appearing in subparagraph q(3) shall be increased by the total percent increase allowed and in force under this section

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to the annuitant at death. Effective from the date of the first increase under this section, the provisions of this paragraph shall apply as if such first increase were in effect with respect to computation of a child's annuity under subparagraph q(3) which commenced between January 2 of the year preceding the first increase and the effective date of the first increase.

(c) **Exclusion of Adjustment in Annuity Based on Voluntary Contributions:** No increase in annuity under this provision shall be computed on any additional annuity purchased at retirement by voluntary contributions.

(d) **Adjustment in Monthly Installment of Annuity:** The monthly installment of annuity after adjustment under this provision shall be fixed at the nearest dollar.

r. **RECALL OF RETIRED PARTICIPANT.** The Director may, with the consent of any retired participant, recall such participant to duty in the Agency whenever he shall determine such recall is in the public interest. Any such participant recalled to duty in the Agency or reinstated or reappointed in accordance with the provisions of subparagraph h(9)(b) shall, while so serving, be entitled in lieu of his annuity to the full salary of the grade in which he is serving. During such service, he shall make contributions to the Fund in accordance with the provisions of this regulation. When he reverts to his retired status, his annuity shall be determined anew in accordance with the provisions of this regulation.

s. **REEMPLOYMENT OF RETIRED PARTICIPANT**

(1) **GENERAL.** A participant retired under the System shall not, by reason of his retired status, be barred from employment in Federal Government service in any appointive position for which he is qualified. An annuitant so reemployed shall serve at the will of the appointing officer.

(2) **REEMPLOYMENT COMPENSATION**

(a) Any annuitant who has retired under the System and who is reemployed in the Federal Government service in any appointive position either on a part-time or full-time basis shall be entitled to receive his annuity payable under the System, but there shall be deducted from his salary a sum equal to the annuity allocable to the period of actual employment.

(b) In the event of any overpayment under this provision, such overpayment shall be recovered by withholding the amount involved from the salary payable to such reemployed annuitant, or from any other moneys, including his annuity, payable in accordance with the provisions of the Act.

t. **MONEYS**

(1) **ESTIMATE OF APPROPRIATIONS NEEDED.** The Director of Finance shall prepare the estimates of the annual appropriations required to be made to the Fund and shall cause to be made actuarial valuations of the Fund at intervals of five years, or oftener if deemed necessary by him.

(2) **INVESTMENT OF MONEYS IN THE FUND.** The Director may, with the approval of the Secretary of the Treasury, invest from time to time in interest-bearing securities of the United States such portions of the Fund as in his judgment may not be immediately required for the payment of annuities, cash benefits, refunds, and allowances, and the income derived from such investments shall constitute a part of such Fund.

- (3) ATTACHMENT OF MONEYS. None of the moneys mentioned in this regulation shall be assignable either in law or equity, or be subject to execution, levy, attachment, garnishment, or other legal process.

u. LIMITATION ON NUMBER OF RETIREMENTS

- (1) NUMERICAL LIMITATION. The number of participants retiring on an annuity for any reason except disability shall not exceed a total of four hundred during the period ending on 30 June 1969 nor a total of four hundred during the period beginning 1 July 1969 and ending on 30 June 1974.
- (2) APPLICATION OF LIMITATION TO DEFERRED ANNUITIES. In the case of a participant separated from the Agency after performing five years of Agency service who is eligible for and elects to receive a deferred annuity, such participant shall be regarded as "retiring" within the meaning of this paragraph when he attains age sixty-two and begins to receive annuity payments.
- (3) CONTROL. The Director of Personnel shall be responsible for controlling the number of retirements under the System to ensure that the numerical limitation is not exceeded.

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